

NEWAYGO FIRE DISTRICT COMMAND BOARD  
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT  
JUNE 30, 2008

NEWAYGO FIRE DISTRICT COMMAND BOARD  
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Newaygo Fire District Command Board  
Newaygo, Michigan

### INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of the governmental activities of the Newaygo Fire District Command Board (a special purpose government engaged only in governmental activities) as of and for the year ended June 30, 2008, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Newaygo Fire District Command Board as of June 30, 2008 and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information is presented for purposes of additional analysis, and is not a required part of the financial statements of the Newaygo Fire District Command Board. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The Newaygo Fire District Command Board has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*Richard B. Parker, CPA, PC*

Certified Public Accountant

Holton, Michigan  
February 12, 2009

NEWAYGO FIRE DISTRICT COMMAND BOARD  
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS  
June 30, 2008

	General Fund - Modified Accrual Basis	Adjustments	Statement of Net Assets
<b>ASSETS</b>			
Cash and cash equivalents	\$260,079	\$	\$260,079
Restricted cash	219,546		219,546
Prepaid expenses	13,732		13,732
Land		19,307	19,307
Other capital assets, net of accumulated depreciation		<u>446,626</u>	<u>446,626</u>
Total assets	<u>493,357</u>	<u>465,933</u>	<u>959,290</u>
<b>LIABILITIES</b>			
Accounts payable	<u>-</u>		<u>-</u>
Total liabilities	<u>-</u>		<u>-</u>
<b>FUND BALANCE/NET ASSETS</b>			
Fund balances:			
Reserved for property and equipment replacement	219,546	(219,546)	-
Unreserved	<u>273,811</u>	<u>(273,811)</u>	<u>-</u>
Total fund balances	<u>493,357</u>	<u>(493,357)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$493,357</u>		
<b>NET ASSETS</b>			
Invested in capital assets		465,933	465,933
Unrestricted		<u>493,357</u>	<u>493,357</u>
TOTAL NET ASSETS		<u>\$959,290</u>	<u>\$959,290</u>

The accompanying notes are an integral part of this statement.

NEWAYGO FIRE DISTRICT COMMAND BOARD  
STATEMENT OF GOVERNMENTAL FUND REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES  
Year Ended June 30, 2008

	General Fund - Modified Accrual Basis	Adjustments	Statement of Activities
Revenue:			
Fire protection assessments	\$170,554	\$	\$170,554
Investment income	14,603		14,603
Other	<u>2,162</u>	<u>          </u>	<u>2,162</u>
TOTAL REVENUES	<u>187,319</u>	<u>          </u>	<u>187,319</u>
Expenditures:			
Salaries and wages	36,800		36,800
Payroll taxes	2,815		2,815
Gasoline	4,601		4,601
Repairs and maintenance	9,945		9,945
Office supplies	359		359
Insurance and bonds	13,896		13,896
Professional services	3,000		3,000
Occupancy expense	7,837		7,837
Travel and education	2,094		2,094
Other	701		701
Supplies	14,663		14,663
Capital outlay	-		-
Depreciation	<u>-</u>	<u>44,468</u>	<u>44,468</u>
TOTAL EXPENDITURES	<u>96,711</u>	<u>44,468</u>	<u>141,179</u>
Excess of revenues over expenditures	90,608	(44,468)	46,140
Fund balance - July 1, 2007	<u>402,749</u>	<u>510,401</u>	<u>913,150</u>
Fund balance - June 30, 2008	<u>\$493,357</u>	<u>\$465,933</u>	<u>\$959,290</u>

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Reporting Entity

The Newaygo Fire District Command Board (District) is governed by a seven member board and was incorporated under the provisions of MCLA #41.811 in Michigan for the purpose of providing fire protection and rescue services for three participating municipalities. There are no component units, entities for which the District is considered to be financially accountable.

The Accounting policies of the District conform to U.S. generally accepted accounting principles as applicable to a governmental fund type of a governmental unit.

B. Government-wide and fund financial statements

The government-wide financial statements report information on all of the nonfiduciary activities of the district.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Fire protection assessments, and grants associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The District reports the following major governmental fund:

General Fund - The General Fund is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Michigan and the bylaws of the District.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

Nonexchange transactions in which the District receives value without directly giving value in return, includes fire protection assessments and grants. On an accrual basis, revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, or in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Bank Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State of Michigan statutes authorize the District to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools, and certain mutual funds.

All investments are stated at cost or amortized cost.

E. Restricted Assets

The District's articles of incorporation require them to maintain and restrict resources for future fixed asset additions.

F. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost and updated for additions and retirements during the year. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Capital assets are defined by the District as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimate historical cost if purchased or constructed. Donated capital assets, if any, are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	25 years
Building improvements	15 years
Vehicles	3 to 15 years
Office equipment	5 to 7 years
Other equipment	10 to 15 years

G. Compensated Absences

The District's employees are not granted vacation or sick leave compensation.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as contributions awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available.

I. Reservations of Fund Balance

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore, are not available for appropriations or expenditure in the governmental fund balance sheet. Unreserved fund balance indicates that portion of fund equity which is available for appropriations in future periods. Fund equity reserves have been established for tentative management plans that are subject to change.

J. Net Assets

Net assets present the difference between assets and liabilities in the statement of net assets. Net assets invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

L. Fire Protection Assessments

All fire protection assessments are shown net of allowance for uncollectibles, if any.

The fire protection assessments are funded by participating municipalities through special assessment levies. Special Assessments are levied on December 1, (July 1 at the City) and are due without penalty on or before February 14 (September 14 at the City). The special assessments attach as an enforceable lien on property as of December 1 (July 1). Uncollected special assessments are turned over by the participating municipalities to Newaygo County for collection. The County advances the municipalities all of these delinquent special assessments. Collection of special assessments on personal property delinquent as of March 1 remain the responsibility of the participating municipalities.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

Budgetary Information

Annual budgets, as required by state statutes, are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary information provided in the financial statements:

- a. Prior to March 1, the District's Board of Directors reviews a proposed operating budget and submits to the participating municipalities a proposed operating budget for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to June 30, the budget is legally adopted by the participating municipalities.
- d. Supplemental appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the District Board. All appropriations lapse at year end.

The appropriated budget is prepared by fund and individual revenue and expenditure line item. The legal level of budgetary control is the individual line item.

NOTE 3 - DEPOSITS:

Michigan Compiled Laws, Section 129.91, authorizes the Board to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

NEWAYGO FIRE DISTRICT COMMAND BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2008

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NOTE 3 - DEPOSITS (CONTINUED):

The District's deposits are in accordance with statutory authority.

The risk disclosures for the Board's cash deposits as required by GASB Statement 3, are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured (FDIC)	\$100,000	\$100,000
Uninsured and uncollateralized	<u>379,625</u>	<u>391,731</u>
Total deposits	<u>\$479,625</u>	<u>\$491,731</u>

NOTE 4 - ACCOUNTS RECEIVABLE

There were no accounts receivable at June 30, 2008.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the current fiscal year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 19,307	\$ -	\$ -	\$ 19,307
Subtotal	<u>19,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>19,307</u>
Capital assets being depreciated				
Building	297,974	-	-	297,974
Building improvements	64,930	-	-	64,930
Vehicles	483,218	-	-	483,218
Equipment	<u>80,630</u>	<u>-</u>	<u>-</u>	<u>80,630</u>
Subtotal	<u>926,752</u>	<u>-</u>	<u>-</u>	<u>926,752</u>

NEWAYGO FIRE DISTRICT COMMAND BOARD  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2008

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NOTE 5 - CAPITAL ASSETS (CONT)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for -				
Building	\$ 59,595	\$ 11,919	\$ -	\$ 71,514
Building improvements	38,960	4,329	-	43,289
Vehicles	301,956	21,937	-	323,893
Equipment	<u>35,147</u>	<u>6,283</u>	<u>-</u>	<u>41,430</u>
Subtotal	<u>435,658</u>	<u>44,468</u>	<u>-</u>	<u>480,126</u>
Net capital assets being depreciated	<u>\$491,094</u>	<u>\$(44,468)</u>	<u>\$ -</u>	<u>\$446,626</u>
Governmental activities capital total				
Capital assets - net of depreciation	<u>\$510,401</u>	<u>\$(44,468)</u>	<u>\$ -</u>	<u>\$465,933</u>

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. Liabilities in excess of insurance are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There have been no losses in excess of insurance in the prior three years.

NOTE 7 - RECONCILIATION OF FUND FINANCIAL STATEMENTS TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Total fund balance and net change in fund balance of the District's governmental fund differs from net assets and statement of the governmental activities reported in the statement of net assets and statement of activities. This difference primarily results from the long term economic focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance. The following are reconciliation of fund balance to net assets and the net change in fund balance to the net change in net assets:

Total fund Balance - Modified Accrual Basis \$493,357

Amounts reported in the statement of net assets are different because:

    Capital Assets are not financial resources, and are not reported in the funds 465,933

Net Assets of General Fund - Full Accrual Basis \$959,290

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NEWAYGO FIRE DISTRICT COMMAND BOARD  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
Year ended June 30, 2008

	Original Budget	Actual	Variance - favorable (unfavorable)
Fund balance - July 1, 2007	\$402,749	\$402,749	\$ -
Resources:			
Fire protection assessments	173,640	170,554	( 3,086)
Investment income	-	14,603	14,603
Other	-	2,162	2,162
Amount available for appropriation	<u>576,389</u>	<u>590,068</u>	<u>13,679</u>
Charges to appropriations:			
Public safety -			
Salaries and wages	45,300	36,800	8,500
Payroll taxes	4,500	2,815	1,685
Gasoline	3,500	4,601	( 1,101)
Repairs and maintenance	7,000	9,945	( 2,945)
Office supplies	500	359	141
Insurance and bonds	16,140	13,896	2,244
Professional services	4,000	3,000	1,000
Occupancy expense	15,000	7,837	7,163
Travel and education	2,000	2,094	( 94)
Other	4,700	701	3,999
Supplies	1,000	14,663	(13,663)
Capital outlay	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total charges to appropriations	<u>123,640</u>	<u>96,711</u>	<u>26,929</u>
Budgetary fund balance - June 30, 2008	<u>\$452,749</u>	<u>\$493,357</u>	<u>\$40,608</u>

A budget amendment was not approved during the current year.

NEWAYGO FIRE DISTRICT COMMAND BOARD  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2008

NOTE 1 - EXPENDITURES IN EXCESS OF APPROPRIATIONS

The District's budget provided for expenditures to be controlled to the line item level. As detailed below, actual expenditures exceeded the District's approved budget allocations for certain line items.

Expenditures were in excess of amounts appropriated in the amended budget for the following line items:

<u>Line item</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Excess Expenditures</u>
Gasoline	\$3,500	\$ 4,601	\$1,101
Repairs and maintenance	7,000	9,945	2,945
Supplies	1,000	14,663	13,663

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Honorable Chairman and Members  
of the Newaygo Fire District Command Board  
Newaygo County, Michigan

In planning and performing our audit of the financial statements of the Newaygo Fire District Command Board, Newaygo County, Michigan for the fiscal year ended June 30, 2008, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters, discussed on the following page, involving the internal control and its operation that, in our judgment, could adversely affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters noted are only those that came to our attention and, had our procedures in internal control related matters been more extensive, other matters might have been noted. The functioning of the internal control was assessed at a point in time, and no assurances can be drawn that the internal control is functioning or will continue to function beyond the point in time at which it was assessed. No opinion is being expressed regarding the internal control taken as a whole.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

It is the responsibility of the Command Board's administration and governing body to resolve these matters.

*Richard B. Parker, CPA, PC*

Richard B. Parker, CPA, PC

Holton, Michigan  
February 12, 2009



NEWAYGO FIRE DISTRICT COMMAND BOARD  
NEWAYGO COUNTY, MICHIGAN  
CURRENT YEAR COMMENTS AND RECOMMENDATIONS  
JUNE 30, 2008

1. **BANK RECONCILIATIONS-**

It was noted that bank reconciliations were prepared each month however, during the transition period between treasurers, the bank accounts were not reconciled at June 30, 2008.

2. **SUPPORT FROM OTHER UNITS-**

It was noted that the local governmental units providing support to the Command Board do not forward information concerning the amount of support that they will provide.

I recommend that the Command Board request such information from each local governmental unit. Having this information would allow the Command Board to review its budgeted revenue throughout the fiscal year.

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Association of Certified Fraud Examiners

The Honorable Chairman and Members  
of the Newaygo Fire District Command Board  
Newaygo, Michigan

In planning and performing our audit of the financial statements of the governmental activities of Newaygo Fire District Command Board as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Newaygo Fire District Command Board's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fire District Command Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fire District Command Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute a material weakness:

- Material misstatements were identified in the financial statements for the fiscal year ended June 30, 2008 that were not identified by the Fire District Command Board's internal control and adjusting entries were required to ensure the financial statement presentation was in conformity with U.S. generally accepted accounting principles.
- The Fire District Command Board does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

It is the responsibility of the Fire District Command Board's administration and governing body to resolve these matters. We would be pleased to assist the Fire District Command Board in resolving these matters, which would be undertaken as a separate engagement.

This communication is intended solely for the information and use of management, the Fire District Command Board, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Richard B. Parker, CPA, PC*

Richard B. Parker, CPA, PC

Holton, Michigan  
February 12, 2009

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The Honorable Chairman and Members  
of the Newaygo Fire District Command Board  
Newaygo County, Michigan

We have audited the financial statements of the financial statements of the Newaygo Fire District Command Board for the year ended June 30, 2008, and have issued our report thereon dated February 12, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated August 5, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of Newaygo Fire District Command Board. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Newaygo Fire District Command Board's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Newaygo Fire District Command Board are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2008. We noted no transactions entered into by the Command Board during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, some of the misstatements detected as a result of audit procedures and corrected by management were material.

#### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 12, 2009

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the corporation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, professional standards require the consulting accountant to communicate with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Command Board's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board and management of Newaygo Fire District Command Board and is not intended to be and should not be used by anyone other than these specified parties.

*Richard B. Parker, CPA, PC*

Richard B. Parker, CPA, PC

Holton, Michigan  
February 12, 2009